

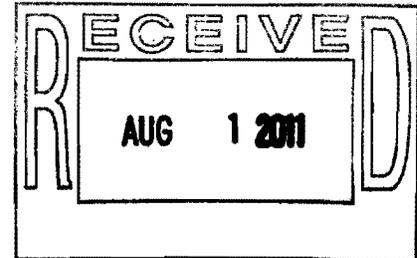


Gary M. Saenz
Team Leader

Chevron Pipe Line
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July 29, 2011

Mr. Rod M. Seeley
Director, Southwestern Region
Pipeline and Hazardous Materials Safety Administration
8701 South Gessner, Suite 1110
Houston, TX 77074



**RE: Chevron Pipe Line Company – Contesting NOPV-PCO
CPF No. 4-2011-7003**

Dear Mr. Seeley:

This letter is in response to your Notice of Probable Violation, and Proposed Compliance Order dated June 29, 2011 and received by our office on July 5, 2011, regarding the investigation of an accident that occurred on January 26, 2011 on Chevron Pipe Line Company's (CPL) 10-inch Grand Bay crude pipeline system.

CPL was cited for failure to file a *supplemental report* per §195.54(b) for the 10-inch Grand Bay pipeline that occurred on January 26, 2011. With respect to the alleged violation of 49 CFR 195.54(b), CPL does not agree that we are in violation of 195.54(b) which requires operators to file a supplemental report within 30 days of receiving any changes in the information reported in the original report (DOT Form 7000-1).

In early March of 2011, CPL received the metallurgical report on 5 cut outs that were made in the location of the release. At this point the metallurgical report was part of an ongoing internal Root Cause Analysis (RCA) and was not determined to be the only contributing factor. No *Supplemental 7000.1* was filed at this time.

After CPL received the RCA summary on June 22, 2011, CPL filed a supplemental report the same day. Since there was no change in the information reported in the original report (DOT Form 7000-1) until June 22, 2011, CPL was not required to submit a supplemental report pursuant to 195.54(b) until 30 days after June 22, 2011. CPL submitted a supplemental report on June 22, 2011, and thus cannot be in violation of the requirement.

Notwithstanding our position that we are in compliance with 195.54, we will inform our staff the importance of reporting within the required time period to address your concerns. CPL is committed to operating our pipelines safely, in respect of the environment and compliance with all governmental regulations.

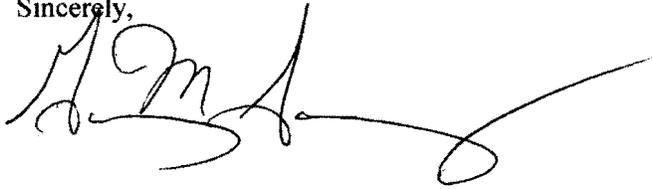
PHMSA Mr. Rod Seeley

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If you have any questions or need further assistance, please contact me at (713) 432-3332.

Sincerely,

A handwritten signature in black ink, appearing to be 'R. Lopez', with a long horizontal flourish extending to the right.

Electronic Transmittal

cc: R. Lopez, PHMSA Engineer
J. L. Carbajal, CPL HES Manager
T.W. Harlan, CPL Sr. Counsel